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DEPARTMENT OF MENTAL HEALTH

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February 15, 2007

TO: Each Supervisor

FROM: Marvin J. Southard, D.S.W.
Director of Mental Health

SUBJECT: **NOTICE OF INTENT TO ENTER INTO A SOLE SOURCE AGREEMENT
FOR CONSULTING SERVICES**

In accordance with the contracting for Personal Services Consultants Criteria and Procedures agreement approved by the Board of Supervisors on February 9, 1999, this is to advise you that the Department of Mental Health (DMH) intends to enter into a sole source agreement for the provision of consultant services with Karen Bollow (Consultant). Consultant will provide expert consultation to representatives of DMH Contract Providers of mental health services. These Contract Providers will have ultimate responsibility to ensure their readiness to exchange electronic information, through the use of Electronic Data Interchange (EDI) transactions, with DMH's new Integrated Behavioral Health Information System (IBHIS). EDI is the automated transfer of data in a specific format from one system to another. Through the use of EDI, Contract Providers can process transactions faster, with fewer errors.

BACKGROUND

In Fall 2004, voters in California passed Proposition 63, now called the Mental Health Services Act (MHSA). MHSA provides great opportunity for DMH to reengineer the way it delivers mental health services, but it also requires significantly improved automated support in order to meet MHSA performance and outcome measures reporting expectations. The MHSA requirements cannot be met without an electronic health record system such as that envisioned for the IBHIS.

DMH plans to select a Commercial-Off-The-Shelf (COTS) software application for an IBHIS that has a track record of success in other large mental health service delivery organizations. The application will be vendor supported and maintained and integrated with broad functionality to meet the requirements of DMH under MHSA. This new system will significantly improve our ability to track the movement of children in Probation Camps and identify foster children common to DMH and the Department of Children and Family Services (DCFS). Major COTS application suites in the mental

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health services marketplace have, in addition to the core clinical functionality that DMH needs so badly, tightly integrated financial and claims processing modules to meet the information integration needs in the delivery of quality mental health services.

Once an agreement has been executed with a software vendor for the IBHIS, implementation is expected to take approximately 24 months. At the end of that period, both the "wrapper" Integrated System (IS) and the legacy Mental Health Management Information System (MHMIS) will be retired, and Contract Providers will no longer be direct users of the DMH information system. DMH recognizes that this will be a significant challenge for some of our Contract Providers, especially the smaller providers that currently do not use information systems but are an important part of the DMH provider network. It is in our mutual interest, and certainly in the interest of our clients, to provide expert consultation in an effort to prepare Contract Providers to exchange electronic information, through the use of EDI transactions, with DMH's new IBHIS.

JUSTIFICATION

Because DMH delivers nearly two-thirds of its mental health services through Contract Providers, the appropriate linkage between DMH processes, systems and the Contract Providers is an essential component for the success of the IBHIS. While it is not within the scope of the IBHIS implementation to provide information systems for Contract Providers, it is the responsibility of DMH to assure that its Contract Providers can appropriately and cost-effectively exchange required Health Information Portability and Accountability Act of 1996 (HIPAA) covered transactions for purposes of payment and the exchange of other data necessary to track and monitor program effectiveness and client outcome measures. Any confusion during their transition, or disruption in claims submission which impacts their cash flow, is critical to providers. Consultant's immediate role will be to help representatives of Contract Providers understand the necessity of this next change to their operational environment and provide guidance and advice in their acquiring the technology needed to succeed.

DMH is recommending a sole source agreement with Consultant to provide expert assistance and leadership in establishing a Contract Providers Transition Team (CPTT) to ensure that Contract Providers identify, plan and execute the tasks necessary to complete the transition to a fully electronic exchange of information with DMH. The CPTT will act as a dedicated liaison between the Contract Providers and the IBHIS Project Manager and Project Team. The role of the CPTT will be one of advice and education to assist Contract Providers, who do not use information systems, to select, acquire and implement their own system. Consultant will also instruct the Contract Providers regarding DMH's EDI requirements and provide relevant information pertaining to EDI standards such as ANSI X.12, HL7, and XML.

Consultant was initially selected because of her unique expertise and knowledge of the DMH IS application, business practices, and processes acquired while employed as the

Contractor Project Manager under the IS agreement with Sierra Systems Group, Inc. Consultant possesses extensive experience with the IS and the legacy MHMIS and has been instrumental in helping DMH improve Contract Provider operations since August 2004. Consultant is an important contributor to the successful implementation of the new version IS 2.0, which went into production November 27, 2006. Consultant has developed and maintained a very positive relationship with DMH Contract Providers and has established credibility as a result of her involvement with the IS Problem Investigation Project, IS Training and Process Improvement Effort, IS Denied Claims Project, and the IS 2.0 Implementation. Consultant has been especially effective in helping providers with chronic or severely acute claiming problems. Many of these same providers will be among the group that will need guidance in making the transition to EDI under the IBHIS Project.

FISCAL IMPACT/FINANCING

Funding for this agreement will come from the DMH Fiscal Year (FY) 2006-07 MHSA one-time Information Technology (IT) funding received from the State. The MHSA one-time IT funding will carry this Project through December 2007, by which time additional MHSA funding is anticipated. There is no increase in budgeted net County cost.

The combined impact of operating costs for the IS and MHMIS and potential lost revenue is estimated to be as high as \$1,000,000 per month. Therefore, even a one month delay in the production use of the IBHIS, if Contract Providers are not prepared, could cost the County as much as \$1,000,000 per month. Therefore, this engagement is, by comparison, a cost-effective investment in avoiding delays in the IBHIS Project caused by the lack of understanding of EDI business and technical procedures by the Contract Providers.

SCOPE OF WORK

Consultant will provide consulting services to representatives of Contract Providers in the following areas:

- Project Planning
- Project Management and Risk Mitigation Guidance
- Data Exchange Requirements
- Procurement Process Guidance
- RFP Development Guidance (or other procurement vehicle, if appropriate)
- Vendor Selection Criteria
- Contract Negotiations Guidance
- Implementation Planning Guidance
- Board of Supervisors and DMH Management Status Reporting

Currently, DMH does not have the expertise, or the availability of resources to successfully execute such a transition without external assistance. This effort requires a consultant with proven clinical operations and IT systems experience in the mental health care arena. Consultant has the appropriate experience, knowledge and skills to manage an effort of this magnitude and technical complexity. Consultant will be involved from the formal initiation of this effort through implementation, after which management of additional migrations will shift to DMH staff who will have gained experience by working with Consultant in supporting the CPTT.

NOTIFICATION TIMELINE

Unless otherwise directed by your Board within two (2) weeks from the date of this notification, we will proceed with negotiating the sole source agreement.

If you have any questions or need additional information, please contact me, or your staff may contact Roderick Shaner, M.D., DMH Medical Director, at (213) 738-4603, or Robert Greenless, Ph.D., DMH Chief Information Officer, at (213) 251-6481.

MJS:SS:RG:emb

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NOTED AND APPROVED:


Jon W. Fullinwider
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2-16-07
Date